

DOCUMENT RESUME

ED 345 619

HE 025 514

AUTHOR McLendon, Sandra F.
TITLE The Development of an Incentive Pay System for Use at Sue Bennett College.
PUB DATE Apr 92
NOTE 54p.; Ed.D. Practicum, Nova University.
PUB TYPE Dissertations/Theses - Practicum Papers (043)

EDRS PRICE MF01/PC03 Plus Postage.
DESCRIPTORS College Faculty; *Compensation (Remuneration); Faculty Evaluation; Higher Education; *Incentives; *Merit Pay; *Merit Rating; Program Development; Recognition (Achievement); Rewards; *Teacher Salaries
IDENTIFIERS *Sue Bennett College KY

ABSTRACT

This paper reports on a study designed to assist in the development of an incentive pay system at Kentucky's Sue Bennett College that would be utilized to recognize merit and performance through increases in faculty salaries. Study procedures to determine the system's elements involved a literature search, a solicitation of input from the Faculty Development Committee, an analysis of merit pay models, and input from outside sources. Guidelines for the development of the incentive pay system stated that: (1) the faculty be involved in the planning; (2) the objectives be specific, known, and measurable; (3) everyone who qualifies be rewarded; (4) the Board of Trustees (BOT) and the administration support the system; (5) the faculty members be responsible for documentation; and (6) a tenure system and a faculty ranking system be in existence as pre-conditions for the incentive pay system. Recommendations were that the system should be adopted by the BOT for a probationary period of 1 year, after which an evaluation would be conducted, the results of the evaluation and the review would be disseminated, and the feasibility of other nonmonetary reward systems would be investigated by the faculty. Appendices describe the faculty evaluation system, the faculty ranking and promotion system, and the incentive pay system. Contains a 38-item bibliography. (GLR)

* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *

ED345619

THE DEVELOPMENT OF AN INCENTIVE PAY SYSTEM
FOR USE AT SUE BENNETT COLLEGE

Human Resource Development

by

Sandra F. McLendon

Sue Bennett College

John Morgan, Ed.D.

Greenwood Cluster

A Practicum Report presented to Nova University in
partial fulfillment of the requirement for the
degree of Doctor of Education

Nova University

April, 1992

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION
CENTER (ERIC)

- ☒ This document has been reproduced as
received from the person or organization
originating it.
☐ Minor changes have been made to improve
reproduction quality.

• Points of view or opinions stated in this docu-
ment do not necessarily represent official
OERI position or policy.

"PERMISSION TO REPRODUCE THIS
MATERIAL HAS BEEN GRANTED BY

Sandra F. McLendon

BEST COPY AVAILABLE

TO THE EDUCATIONAL RESOURCES
INFORMATION CENTER (ERIC)."

HE 0255714

Abstract of a Practicum Report Presented to Nova University
in Partial Fulfillment for the Requirements for the
Degree of Doctor of Education

THE DEVELOPMENT OF AN INCENTIVE PAY SYSTEM
FOR USE AT SUE BENNETT COLLEGE

by

Sandra F. McLendon

April, 1992

The purpose of this study was to develop an incentive pay system to be utilized to recognize merit and noteworthy performance through increases in faculty salaries at Sue Bennett College. The college did not have an established system to reward faculty for extra services and outstanding performance for the college.

Sue Bennett College is one of twenty-one independent colleges in Kentucky, and the college has low faculty salaries when compared to other colleges in Kentucky. Traditionally, all faculty members have been rewarded on the same basis regardless of their performance.

The question for this study was: What elements should be included in Sue Bennett College's incentive pay system? The procedures used for determining the incentive pay system elements included: a search of the literature to determine the elements of an incentive pay system and the development

process; solicitation of input from the Faculty Development Committee; an analysis of merit pay models; and input from outside sources.

The incentive pay system was premised on a satisfactory faculty evaluation. The incentive pay system included objectives, a philosophy, and procedures for the individual faculty members to contract for the incentive raise.

Relevant guidelines for the actual development of the incentive pay system included: (1) The faculty was involved in the planning. (2) The objectives were specific, known, and measurable. (3) Everyone who qualified was rewarded. (4) The faculty members are responsible for documentation. (5) The Board of Trustees and the Administration support the system. (6) A tenure system and a faculty ranking system were existing pre-conditions for the incentive pay system. The incentive pay system was developed and presented to the Faculty Forum for approval. The Faculty Forum then recommended that the President budget money for the support of the system and present the system to the Board of Trustees for adoption.

Recommendations for the incentive pay system are: (1) The incentive pay system should be adopted by the Board of Trustees for a probationary period of one year. (2) The system should be evaluated at the end of the probationary period to see if the objectives are being met. (3) The system elements should be reviewed by the faculty and the administration at the end of the probationary period.

(4) The results of the evaluation and the review should be disseminated. (5) The feasibility of other nonmonetary reward systems should be investigated by the faculty.

TABLE OF CONTENTS

Chapter	Page
1. INTRODUCTION.....	1
Background and Significance.....	1
Significance to the Institution.....	2
Significance to the Seminar.....	3
Research Question.....	4
2. REVIEW OF THE LITERATURE.....	5
Necessity for Merit Pay.....	5
Controversy over Merit Pay.....	6
Successes in Merit Pay.....	7
Philosophy of a Merit Pay System.....	8
Elements of a Merit Pay System.....	9
Merit Pay in Two Year Institutions.....	11
Evaluation the Merit Pay System.....	13
Conclusions.....	14
3. METHODOLOGY AND PROCEDURES.....	16
Definitions.....	17
Assumptions.....	18
Study Limitations.....	18
4. RESULTS.....	20
5. DISCUSSION, CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS.....	26
Discussion.....	26
Conclusions.....	29
Implications.....	30

Recommendations.....	31
BIBLIOGRAPHY.....	32
APPENDICES.....	35
A. Faculty Evaluation System.....	40
B. Faculty Ranking and Promotion System.....	40
C. Incentive Pay System.....	43

Chapter 1

INTRODUCTION

Background and Significance

An incentive pay system has never been a priority at Sue Bennett College. Sue Bennett College is one of twenty-one independent colleges in Kentucky, and some of the other colleges in Kentucky have a formal process for allocating incentive pay and the documentation necessary for efficient administration of a merit pay system. Sue Bennett College is one of three independent junior colleges in Kentucky and offers a general core curriculum (Catalog, 1990-1991). The faculty teach the instructional program and help supplement the student services program (Faculty Handbook, 1991).

Faculty salaries are low at Sue Bennett College when compared to the other twenty-one independent colleges in Kentucky and especially low when compared to Kentucky's public universities (Comparison Chart, 1990). In the 1980 Southern Association of Colleges and Schools report to Sue Bennett College's, one of the recommendations was that faculty salaries be increased (1980:2). The Southern Association requires "that an institution provide adequate faculty salaries and benefits" (Criteria, 1991:29). Traditionally, across-the-board raises have been awarded to

the faculty at Sue Bennett College, and all faculty members have been rewarded on the same basis (Faculty Handbook, 1991). Since the 1980 recommendation from the Southern Association, salaries have increased from an average of \$11,000 per year to an average of \$19,000 for a nine month contract (Self Study Document, 1992). However, the 1992 Self Study report from the Southern Association still had a suggestion that salaries continue to increase. This suggestion is especially significant since the new comparison figures from the Council of Independent Colleges (1992) indicated that the Kentucky independent college average salary for assistant professors is \$24,000 and for associate professors is \$28,000 for a nine month contract.

Significance to the Institution

The purpose of this practicum was to develop an incentive pay system that would reward outstanding and superior performance by faculty members. A 1990 faculty survey indicated that 78 percent of the Sue Bennett College faculty surveyed were dissatisfied with the salaries (Faculty Survey, Fall, 1990). This dissatisfaction resulted in low morale and high turnover rates. In a 1991 interview by the college newspaper staff, faculty members indicated that low salaries were resulting in morale problems. In the 1991-1992 year, 38 percent of the faculty were new employees at Sue Bennett College. The physics instructor took a

higher paying position at a public university as did an accounting instructor. Three instructors went into public school teaching at the secondary level because the salaries were more lucrative. Two instructors retired because they would make more in retirement than teaching.

Recruiting and retaining qualified and experienced faculty was a problem that was compounded at Sue Bennett College because of the lack of a reward system. Potential candidates would show interest in a position until they heard the salary range. Candidates were also interested in the ranking system and tenure. A tenure structure had been in place at Sue Bennett College since 1976; however, a ranking system was only adopted by the faculty and the Board of Trustees during the 1991 academic year. Potential candidates were interested in opportunities for increases in salaries as well as promotion opportunities. When the candidates heard that salary and promotional opportunities were limited, they indicated a lack of interest in the positions.

Significance to the Seminar

This practicum was related to the "Human Resources Development" seminar which covered staff development practices and issues. The component of the seminar that dealt with the evaluation of employees and reward systems relating to evaluations was directly related to this practicum. This practicum was both relevant and timely

as the purpose of the incentive pay system was to evaluate performance and reward outstanding performances.

Research Question

The research question for this study was: What elements should be included in Sue Bennett College's incentive pay system?

Chapter 2

REVIEW OF THE LITERATURE

The review of ERIC documents, educational journals, textbooks, and pay enhancement systems developed at other colleges clearly indicated that a merit pay system should be developed at Sue Bennett College. The literature review focused on the content of the merit pay systems. Burrill (1985) delineated specific elements to be included in merit pay system. The predominate facets of the literature were found to relate to the necessity for merit pay (Facet Report, 1990), faculty involvement (Barber and Klein, 1983), consistent and fair evaluation (Andrew-Bauer, 1984), adequate funding for the system (McKay, 1983), and evaluation of the system (Frase, 1982).

Necessity for Merit Pay

Merit pay was popular in the 1920s when 48 percent of the school systems utilized some form of merit pay (Johnson, 1984). From the 1930s to the 1960s, merit pay faced a great deal of criticism, and interest waned. President John F. Kennedy (Message to Congress, 1963) demonstrated concerns

for the low status of teaching and advocating "sufficient incentives to make teaching a life long career" (Andrews, 1989). President Ronald Reagan resurrected fervor for merit pay in a 1983 speech at Seaton Hall University supporting the reinstitution of merit pay. President Reagan called for merit pay for master teachers. A direct result of President Reagan's speech for merit pay was the appointment, by the House of Representatives, of a merit pay task force. Representative Carl Perkins (1984:11) chaired the task force and in the preface to the final report stated that he "favored the general concept of merit pay for teachers".

Controversy Over Merit Pay

One of the most controversial and volatile issues to surface in education in the 1980s was the issue of merit pay. However, merit pay is a means of recognizing and rewarding excellence in educational circles (Andrews, 1989). Perkins, in the Merit Pay Task Force Report (1984), defined merit pay as a reward system to recognize outstanding or high-work performance of teachers. In 1980, Wilson saw merit pay as an incentive to promote the maximum performance of all individuals within an institution. Nathaniel Karbol in the June 27, 1984, Chronicle of Higher Education (28) grouped merit pay with distinguished professorships and endowed chairs as different ways to achieve an adequate level of compensation to recruit and retain notable

instructors. He further noted that the merit pay system has always been applied in the academic world in decisions regarding tenure and promotion. In the 1983 report from the United States Department of Education, A Nation at Risk: The Imperative for Educational Reform, the recommendation was made that increases in salaries in education should be performance based (p. 52). In a 1983 Newsweek poll, the public response was an 80 percent approval rate for basing teacher salaries on merit to recruit and retain faculty (Eitelberg, 1983).

The controversy surrounding merit pay has surfaced because of fears in regard to fair assessment and lack of faculty confidence in methods used to determine merit pay. Teacher unions have advanced the arguments that only a select few would receive the rewards of the merit pay (Andrews, 1989). Dennis (1982) noted that merit pay systems were time consuming; based on invalid and ineffective evaluations; and short range in scope for evaluative time frames. Charles Burnside (1985), executive secretary of the Texas Junior College Teaching Association, feared merit pay because he felt the system would promote favoritism in the administration; fragmentation among the faculty; a reduction in professionalism; and proliferation of unionism. Herndon, past executive director of the National Education Association (1983), felt that merit pay systems inspired mediocrity; encouraged political pressures; and stifled extra efforts.

Andrews (1989: 36) agreed that a "poorly conceived, hostility-implemented, merit pay plan can have some very negative consequences for a...college." With all these reasons for failures can merit pay succeed in education? There have been successful models--few but noteworthy. According to Johnson (1984), a school district in Ladue, Missouri, has had a merit pay system for thirty years. Berry (1990) stated that merit pay systems have survived in typically small colleges with a homogeneous population. Participation in the program has been voluntary, and the bonuses have been small. Murnane (1986) noted that systems where merit pay has survived successfully have provided extra pay for extra work; have made instructors responsible for documenting the evidence for reception of merit pay; have provided rewards in an inconspicuous manner for everyone that qualified; and have provided the faculty the opportunity to design the merit pay vehicle.

Philosophy of a Merit Pay System

Andrews and Marzano (1983:35) contended that a merit pay system should result from a strong and objective faculty evaluation system. The governing board and administration of the institution should be committed to a goal of the improvement of the faculty. A second goal was that the

system be comprehensive. Values intrinsic to the philosophy of the governing board and administration in a merit pay system included: (1) Quality in education is prized. (2) The individual developmental needs of the faculty are valued. (3) Recognition for outstanding performance is supported. (4) Poor performance will result in remediation or termination (Andrews, 1989:29-30).

Elements of a Merit Pay System

Burrill (1985) viewed merit pay as an enticement for attracting and retaining competent people. Burrill (1985) suggested that the elements of a good merit pay plan are: (1) The faculty should be involved in the planning. (2) The merit pay increase should be above the cost-of-living increase. (3) An adequate base pay should be in place. (4) The merit increase should be based on the accomplishment of objectives agreed upon in advance. (5) Rank should be dependent, in part, on high merit. Andrew-Bauer (1984:11) further stated that any merit system should be tied to an administrative evaluation system. Malkosky (1983:59) advocated frequent visits to the classroom and consultation with the administration. Andrews and Marzano (1983:37) believed that the merit pay cannot be determined without an evaluation that is systematically applied to all faculty members. Andrews and Marzano (1983:106) also said that the evaluation efforts of the administration should force the

"hard work and exceptional efforts on the part of individuals faculty members to the forefront". Barber and Klein (1983) promoted the use of an evaluation system that allows the instructor to also use a self-evaluating system. John McKay (1983) contended that elements of merit pay contain evaluation, explicit criteria, open communication, an adequate budget, and accountability. The Facet Commission (1990) for the St. Petersburg Junior College report further stated that the evaluative process must adhere to: (1) defined and agreed upon criteria for measuring performance; (2) delineated policies and procedures; (3) accurate, consistent and valid measures; (4) systematic and timely feedback of results. The Facet Commission further stated that the evaluative process be used to: (1) determine professional development needs; (2) decide promotion and continuing contracts; (3) determine special recognition and rewards. Andrews (1989) felt that a good merit pay system should be fair, free of political influence, and without personal bias. Cramer (1983) contended that merit pay should include substantial incentives, have all faculty evaluated on the same criteria, and be fair in the evaluation. Deci (1976) felt that the reward system should include praise and recognition with the evaluation system focusing on performance rather than comparison with others. The Facet Commission (1990) advocated a reward system that included monetary and nonmonetary rewards that led to a greater sense

of professional achievement. The Facet Commission delineated some of the rewards as outstanding achievement awards, endowed chairs, rank promotion, meritorious service awards, and merit pay. According to the Facet Commission, the merit pay system should augment the across-the-board pay raise system with increases based on faculty performance and faculty rank. In a University of Maryland newsletter (1989), merit pay was lauded as a means of "creating conditions that lead...to critical acclaim, a sense of involvement or the sense of fulfillment that derives from achievement." Savage (1983) also agreed that the merit system should be based on evaluation. Seward County Community College in Kansas had merit awards based on performance evaluations (Andrews, 1986). The evaluations were student evaluations, self-evaluations, supervisory evaluations, and board evaluations. Andrews and Marzano (1983) further stated that the faculty evaluations should be more than student evaluations based. Andrews and Marzano also felt that the institution should have an active tenure system and a faculty promotion and ranking system in place. The evaluation system should have the confidence of the faculty and the commitment of the administration.

Merit Pay in Two Year Institution

Administrators in two year colleges in particular are examining the possibilities of performance based merit pay

systems (Blum, 1989). This serious appraisal of merit pay is taking place despite the general professorate stance of shying away from the concept of competing with peers for raises. The pressure from the general public is for educational institutions to adopt methods of pay increases based on the merit and the accountability of the individual. Andrews and Marzano conducted a national survey of merit pay practices in two year colleges in 1984-1985. Surveys were sent to 1300 plus colleges in the American Association of Community and Junior Colleges (AACJC). A total of 816 colleges responding had a merit pay system. However, 11 of the 14 respondents from Kentucky had merit plans. One hundred and fifteen rewards in merit pay systems revolved around financial support, training opportunities, and educational sabbaticals (Andrews, 1989). Black Hawk College in Moline, Illinois, used a point system that was tied to academic degrees for merit increases. Black Hawk College's "quality points" were awarded according to academic ranking. Professors received 325 points; associate professors received 275 points; assistant professors received 225 points; and instructors received 175 points. Black Hawk's system was successful because it was clearly measurable. The Jefferson College system in Hillsboro, Missouri, also utilized a measurable professional development system based on points (Andrews, 1989). Jefferson College's merit pay system is optional for the faculty. Since Jefferson College's system is optional, the documentation and success

of the program rests with the faculty. Eastern New Mexico University in New Mexico awarded up to 10 percent merit increases to faculty, and the faculty members also initiated the process by applying for the merit increment (Andrews, 1989). The University of Minnesota Technical College based the merit system on a self-reported faculty evaluation. Similarly, Clermont General and Technical College in Batavia, Ohio, solicited self-referrals and self-evaluations from the faculty to determine merit pay for superior performance (Andrews, 1986). In the Virginia Community College System, merit salaries are not awarded to individuals who do not receive good evaluations (Andrews, 1989). So merit increases were related to evaluations and quality performances. The Virginia Community College System Policy allowed each college to develop a merit pay plan that would be unique to the individual college, but evaluation was at the heart of all merit increases. The policy defined the reward structure in a manner that would allow merit to be granted in multiyear appointments, promotions, and salary increases. Merit increases nationally fell under two major categories: (1) career ladder and (2) merit recognition (Andrews, 1989).

Evaluation of the Merit Pay System

The Catalina Foothills School District in Tucson, Arizona, had a reward system for excellence in teaching

(Frase, 1982). The reward system at Foothills included professional training, computers, cash, and enrichment materials. Foothills conducted a survey of the instructors who received incentives to determine if the assumptions of the Foothills program were valid. The second stage of the program included an interview of the instructors who were recipients and nonrecipients of the incentives. The third stage of the project was a rating system based on five criteria: (1) Importance of the rewards; (2) Flexibility of the rewards; (3) Visibility of the rewards; (4) Frequency of the rewards; (5) Cost of the rewards (Frase, 1982: 268-269). The evaluation was to determine if the system had accomplished its goal of recognition and motivation for outstanding performance by faculty (Andrews, 1989). The participants were pleased with the merit system and the rewards and indicated a desire to continue with the reward system.

Conclusions

Various conclusions can be drawn from the literature review. The public has called for more accountability in education through merit plans. However, merit pay is a controversial subject and is often held suspect by faculty because they are not involved in the design of the system or the evaluative process. Colleges that have provided merit increments for a number of years have provided extra pay and

rewards, have involved the faculty in the planning, have everyone who qualifies rewarded, have had evaluation as a basis, have been measurable, and have the faculty responsible for documentation. The Board of Trustees have also supported the merit pay system through philosophical and monetary measures.

Guidelines relevant to the development of a merit pay system are that the faculty is involved in the planning, and merit pay is above cost-of-living raises. The merit pay raises are based on specific and known criteria that is explicit and measurable. The system is premised on a sound and fair evaluative structure. An active tenure system and a faculty ranking and promotion system should be a pre-condition for the merit system.

Chapter 3

METHODOLOGY AND PROCEDURES

The research question for this developmental study was: What elements should be included in Sue Bennett College's incentive pay system? The procedure used to determine appropriate incentive pay system elements follow in chronological order.

A review of the ERIC documents, journals, texts, and merit pay systems from other institutions was conducted for content. Administrators at Somerset Community College and Union College were contacted for information about merit pay systems at their institutions. Models of merit pay systems were examined.

Input relative to the incentive pay system at Sue Bennett College was solicited from the Faculty Development Committee members. All the members of the faculty reviewed the system and made suggestions regarding relevant elements for an incentive pay system.

The resulting document was reviewed by the Faculty Development Committee, the entire faculty, the college administration, and academic deans from Midway College and St. Catherine Junior College. The final document was voted

on for approval by the faculty during a full Faculty Forum. The incentive pay system document was submitted for the approval of the college President and subsequently to the Board of Trustees. The incentive pay system was distributed to the college faculty.

Guidelines relevant to the actual development of the incentive pay system included: (1) The faculty was involved in the planning. (2) The objectives were specific, known, and measurable. (3) Everyone who qualifies is rewarded. (4) The faculty members are responsible for the documentation. (5) The Board of Trustees and Administration support the system. (6) A tenure system and a faculty ranking and promotion system were existing pre-conditions for the incentive pay system.

Definitions

In this study the term "merit pay system" is used for other systems; "incentive pay system" is the term used in relationship to Sue Bennett College. "Incentive pay system" is defined as any systematic and intentional effort by the institution and the faculty that attempts to provide pay raises over and above the base pay increase.

Assumptions

In this study, the assumption was that once the incentive pay system was developed, it would be used at Sue Bennett College, based on prior approval by the Sue Bennett College Board of Trustees. A second assumption was that, if approved by the Sue Bennett College Board of Trustees, the incentive pay system would enhance the salaries of the faculty at Sue Bennett College above the base salary raises and improve retention of faculty. A third assumption was that the Board of Trustees would budget money for the incentive pay system.

Study Limitations

One of the limitation of the study was that use of the incentive pay system that was developed would be unique to Sue Bennett College. Sue Bennett College is a small two year private college, and elements of the merit pay system at Sue Bennett College were inappropriate for a public institution or a four year college. Another limitation was the availability of money in the budget to fund the incentive pay system. Unless adequate funding was budgeted, the incentive pay system could not be implemented. A final important limiting factor will be the decision by the Board of Trustees whether to adopt the incentive pay system or not to adopt the incentive pay system. Unless the plan is

adopted and supported by the Board of Trustees, the system
can not be tried even on a probationary basis.

Chapter 4

RESULTS

Appropriate ERIC documents, educational journals, and texts were identified by a computer search using the identifiers "merit pay", "incentive pay", "postsecondary education", "junior college", and "higher education". The Kentucky Library Network was searched under the same headings for information from the 20 independent colleges and the public colleges in Kentucky. From the literature search thirty-one sources were finally selected and reviewed for information pertaining to the usual contents and elements of a merit pay system. The selection of the sources was based on the content of the documents that related to the evolving history of merit pay, to specific elements of merit pay systems, and to successful models of merit pay systems. Presidents Kennedy (1963) and Reagan (1983) resurrected a waning public interest in merit pay. In 1984, Carl Perkins' task force advocated the introduction of the general concept of merit pay systems. Berry (1990), Murnane (1986), Burrill (1985), Andrews and Marzano (1983), and McKay (1983) listed common features that were found in merit pay systems. In 1984-1985, Andrews and Marzano

surveyed 1300 plus community colleges to determine which colleges had merit plans and what were the common features.

Burrill (1985) felt that faculty should be involved in the planning and designing of the merit pay system with the objectives agreed upon by all in advance if the faculty were to accept the system. He also felt that the merit increase should be above the cost-of-living raise. Therefore, Sue Bennett College's incentive system was designed by the faculty with objectives included that were agreed upon by the representatives in the Faculty Development Committee and the faculty. The objectives dealt with the improvement of instruction, the monetary awarding of increases for outstanding service, and enhancing the teaching position at Sue Bennett College. The monetary increments were to be above the base pay increase because cost-of-living increments were not connected to outstanding performance.

Berry (1990) stated that participation should be voluntary in order to survive, and Sue Bennett College's faculty and staff felt that the college's system should be voluntary to be successful. Therefore, the college's incentive system is also voluntary. Murnane (1986) further stated that in successful merit pay systems extra pay should be awarded for extra work; that the instructors should be responsible for the documentation in the merit system; and that the reward system be applied to everyone on the faculty who qualified. Thus, these criteria became a part of Sue Bennett College's incentive system, and self-referrals by

the faculty, extra pay for extra work, and the merit system applying to everyone were components of the system.

Andrews and Marzano (1983) contended that a merit pay system be based on a strong evaluation system, an active tenure system, and a viable faculty ranking and promotion system. The authors of The Facet report (1991) also indicated that a reward structure should include monetary and nonmonetary rewards. The result of such a reward system for performance and advancement in rank would have a positive effect on morale and accomplishments. As a result, Sue Bennett College's incentive pay system is open to individuals who have received satisfactory student and administration evaluation. Also, a ranking and promotion system and a tenure system are a part of the reward system at Sue Bennett College. The tenure system had been in effect since 1976, but the ranking and promotion system was a nonmonetary award program that was instituted during the 1991 academic year with the approval of the faculty and the adoption by the Board of Trustees.

Examples of merit pay systems were reviewed from Somerset Community College in Somerset, Kentucky, and the Virginia Community College System. Midway College in Midway, Kentucky, and Union College in Barbourville, Kentucky, did not have a merit pay system in place. Midway College had just accomplished a level change from a two year degree program to a four year program and was investigating the feasibility of a merit pay system. Union College

indicated no interest in a merit system, but did have a tenure system and ranking system as a part of their reward structure. Somerset Community College's merit pay plan included a philosophy and objectives. Their merit pay system were based on evaluation of the faculty by administrators, but the reward were limited in scope. Only a predetermined number could receive merit awards. Sue Bennett College's incentive pay system also contained a purpose statement and objectives; however, the Faculty Development Committee and the faculty determined that to succeed the reward system should be open to all faculty members who qualified and who applied for an increment increase.

The academic deans from Midway College in Midway, Kentucky, and St. Catherine's College in Springfield, Kentucky, were asked to review the incentive pay system. These academic deans offered advice and suggestions after reviewing the document. The specific suggestions dealt with clarifying the language. One suggestions was to make the criteria for awarding points more specific. Another suggestion was that the procedures for documenting the incentive pay system needed to be detailed and clearer so the faculty could understand the procedure. As a result of these suggestion, the language in the criteria for awarding points and for the documentation was clarified.

The Faculty Development Committee also reviewed and commented on the incentive pay system making specific

suggestions on the criteria and the exact points to be awarded for each of the items. The faculty were concerned with issues such as the definition of "extra-curricular activities", the number of advisees for which points would be awarded, and the meaning of the terms "publications and/or public appearances or performances". The faculty also wanted the exact people defined who could help them provide documented evidence when individual faculty members applied for an incentive pay increase. The faculty debated the major areas to be included in the application and determined three main areas. A discussion of the point system arose and the range was determined. Therefore, Sue Bennett College's incentive pay system included a procedure for documentation with exact persons defined who could help provide the documented evidence for the incentive pay applications. Three major areas which included "Professional Performance", "Professional Development", and "Participation in Extra-Curricular Activities" were included for documentation in the application. A table of the value of the accumulated points was to be listed on the application, but more emphasis was given to the professional performance and development sections than to the extra-curricular section.

The President and the Business Manager at Sue Bennett College were asked to review the budget for the next academic year to find money to fund the proposed incentive pay system. These administrators were asked to appropriate

money in the budget for the proposed incentive pay system. Money was budgeted in the first tier of a three-tier budget, and the budget is to be submitted with the incentive system to the Board of Trustees.

The Faculty Development Committee and the Administration reviewed the draft document. Minor revisions were made through discussion and consensus of the Faculty Development Committee and the college administration for consistency. The draft document was approved during a Faculty Forum after another discussion of the specific terms in the application and the procedure for documenting the evidence for the application. The faculty wanted the specific instructions and the procedure for documentation to be included with the application so these items were included in the application.

The document was submitted to the President and subsequently the Executive Committee of the Board of trustees for review and approval. The Executive Committee of the Board of Trustees will meet in the spring of 1992 to recommend or not to recommend the incentive pay to the full Board of Trustees for approval during the June meeting.

Chapter 5

DISCUSSION, CONCLUSIONS, IMPLICATIONS, AND RECOMMENDATIONS

Discussion

From the beginning, the incentive pay system was meant to be practical and meaningful. There was a commitment to examining the best available ideas and least cumbersome procedures in developing an incentive pay system and to presenting the system in a form that would be understandable and applicable to the faculty at Sue Bennett College. Realizing that the concept of merit pay is controversial at best with worthy educators on both sides of the fence regarding the value of merit pay systems, the advice of academic deans at other institutions was solicited, and models of merit pay systems from other institutions were reviewed. The input from the faculty and the administrative staff at Sue Bennett College proved invaluable in formulating the final document because they were able to offer suggestions that would clarify the language and help the faculty in documenting the evidence for the increase. The models from other institutions also confirmed the

elements that were defined in the literature as being necessary components of the incentive pay system.

As was suggested in the literature, participation in the incentive pay system would be voluntary (Berry, 1990:617). Murnane (1986) suggested that instructors have the opportunity to design the incentive pay system, have the responsibility of documenting the system, and all be eligible for rewards in the incentive pay system. In order to participate in the incentive pay system, the faculty member should have a strong and objective evaluation (Andrews and Marzano, 1983:35). Burrill (1985) also suggested that the incentive pay system should be above the cost-of-living raises and be based on objective accomplishments known and agreed to in advance. McKay (1983) reiterated that the criteria for the incentive pay system should be explicit and open to everyone. Rewards in most incentive pay systems were in the form of money, sabbaticals, and training (Andrews, 1989:30). The Facet Commission (1990) promoted a merit system that gave rewards and recognition in the form of service awards, rank, sabbaticals, leaves, and increases in pay. Andrews and Marzano (1983) set the pre-conditions for a merit pay system as being based on administrative evaluations, an active tenure system, and a faculty ranking and promotion system. Therefore, Sue Bennett College's incentive system was voluntary with faculty self-referrals and open to everyone.

The system is based on a strong classroom instructional and professional evaluation, and the rewards are monetary and above the cost-of-living raises.

The Virginia Community College System model will not award merit pay increments to any faculty member who does not receive a very good evaluation (Andrews, 1986). The Seward County Community College model was based on faculty evaluation, supervisory evaluations, and student evaluations. The primary responsibility for evaluation rested with the division chairperson. Thus, Sue Bennett College's model for the incentive pay system included an evaluation of classroom instruction and professional performance with the primary responsibility for evaluation vested in the division chairperson. Other supervisory personnel involved in the evaluation for the merit increase included the Academic Dean and the President.

The Sue Bennett College incentive pay system was developed and based on the Seward County Community College evaluative elements, but it is still to be determined if the system will meet all the needs of the faculty. Sue Bennett College's incentive pay system is based on a faculty evaluation system which is the primary responsibility of the division chairperson. The following elements were included: (1) Participation is voluntary and open to everyone. (2) The faculty helped design the system. (3) The faculty member will be responsible for contracting for the reward and the necessary documentation. (4) The criteria was known

to everyone. (5) The incentive will be above the cost-of-living raise. Since the system was premised on satisfactory teaching evaluations, three other major areas dealing with professional demeanor and development and extra-curricular activities formed the basis for the incentive pay application. However, an annual evaluation of the incentive pay system will validate if the system is viable and meaningful.

Conclusions

It was concluded that to be effective, the incentive pay system had to be supported by the faculty, the administrators, and the Board of Trustees. The incentive system had to be premised on a strong evaluation system and then had to be adequately funded. The system had to be based on faculty design and must be reviewed annually by the faculty. The college also had to have in place an active tenure system and a faculty ranking and promotion system as a part of the reward structure for the faculty. The Sue Bennett College faculty, administration, and Board of Trustees supported the concept and the development of the incentive pay system. From the beginning, the faculty designed the system via the Faculty Development Committee, and the faculty has recommended to the Board of Trustees that if adopted the system should be reviewed annually. The Faculty decided that the incentive pay system should be

based on a strong professional performance and classroom observation review. The administration was asked to support the incentive system in the budget request for the next academic year, and a line item for faculty incentive increases is a part of the proposed budget. The faculty and the administration also supported the continuation of the tenure system and the faculty promotion system as a part of the reward structure.

Implications

Merit pay is a highly controversial issue, and any system had to be developed by the cooperative efforts of the faculty, the administration, and the Board of Trustees at Sue Bennett College to be successful. As a small homogeneous faculty with a well developed communication network the college had a necessary characteristic for the success of the incentive pay system. The system was structured to benefit the faculty members by rewarding extra service, but also benefit the institution because additional services will be performed by the faculty for the institution. Faculty should have a feeling of self-worth with supervisory support from the administration and the support of the Board of Trustees. A reward structure for the faculty that rewards performance and provides incentives for advancement in rank will have a positive effect on the faculty morale and sense of accomplishment at Sue Bennett

College. Faculty at the college will have incentives to continue to improve accomplishments which will benefit the institution and the students because the quality of teaching will improve. The faculty feel that the system should be probationary for one year and then be re-evaluated. Recommendations for final approval will be based on the evaluation by the Faculty Development Committee and the faculty after the probationary period.

Recommendations

Recommendations for developing an incentive pay system include, but are not limited to the following: (1) The incentive pay system should be adopted by the Board of Trustees for a probationary period of one year. (2) The system should be evaluated at the end of the probationary period to see if the objectives are being met. (3) The system should be reviewed by the faculty and the administration at the end of the probationary period. (4) The results of the evaluation and the review should be disseminated. (5) The feasibility of other nonmonetary reward systems should also be investigated by the faculty.

BIBLIOGRAPHY

- Andrews, Hans. Awarding Faculty Merit Based on Higher Level Needs. ERIC ED 266 840, 1986.
- Andrews, Hans. Merit Pay in Education. Stillwater, Oklahoma: New Forum Press, Inc., 1989.
- Andrews, Hans and W. Marzano. "Awarding Faculty Merit Based on Higher Level Needs." The Journal of Staff, Program, and Organizational Development, 1:105-107, January, 1984.
- Andrews-Bauer, C. M. "Faculty Evaluation." Research paper at the University of Illinois, Champaign-Urbana, Illinois, 1984.
- Barber, L. W. and Kevin Klein. "Merit Pay and Teacher Evaluation." Phi Delta Kappan, 64:247-251, April, 1983.
- Berry, Barnett, and Rick Ginesberg. "Creating Lead Teachers from Policy to Implementation." Phi Delta Kappan, 71:616-621, April, 1990.
- Blum, Debra E. "Concept of Merit Pay for Professors Spreads as Competition Among Institutions Grows." The Chronicle for Higher Education, A:1, October 18, 1989.
- Burnside, C. L. "Merit Pay in Higher Education: Point." Community and Junior College Journal, 55:46, June, 1985.
- Burrill, D. A. "Merit Pay in Higher Education, A Counterpoint." Community and Junior College Journal, 55:47, June/July, 1985.
- Council of Independent Colleges Comparison Chart. Frankfort, Kentucky: Council of Independent Colleges, 1990.
- Council of Independent Colleges Comparison Chart. Frankfort, Kentucky: Council of Independent Colleges, 1992.
- Cramer, J. "Merit Pay: Challenge of the Decade." Curriculum Review, 22: 7-10, May, 1983.
- Deci, E. L. "The Hidden Costs of Rewards." Organizational Dynamics, 4:61-72, March, 1976.
- Dennis, L. J.. "Why Not Merit Pay?" Contemporary Education, 54:18-21, January, 1982.
- Eitelberg, J. "The Merits of Merit Pay." Newsweek, 97:61 June 27, 1983.

- Faculty Handbook. London, Kentucky. Sue Bennett College, 1991.
- Frase, L., R. Hetzel, and R. Grant. "Merit Pay: A Research Alternative for Tucson." Phi Delta Kappan, 64:266-269, April, 1982.
- Gardner, D. P. A Nation At Risk, The Imperative for Educational Reform. Washington, D.C.: The National Commission on Excellence in Education; Superintendent of Documents, United States Government Printing Office, 1983.
- Herndon, Thomas. "Why the Schools Don't Want Merit Pay for Teachers?" The Christian Science Monitor, 23, Sept. 14, 1983.
- Johnson, Susan M. "Merit Pay for Teachers: A Poor Prescription for Reform." Harvard Educational Review, 54:175-185, May, 1984.
- Karbol, Nathaniel. "Letter to the Editor." The Chronicle of Higher Education. 28, June 27, 1984.
- Kennedy, John F. Message to Congress. Washington, D.C., 1963.
- McKay, John. "Merit Pay: A Plan That Works." Paper presented at the National Conference on Faculty Evaluation and Development at Kansas City, Kansas, 1986.
- Malkofsky, M. "Teachers Deserve More Credit, More Money, More Precise Guidelines." Learning, 57:58, December, 1983.
- Murnane, R.J. and David K. Cohen. "Merit Pay and the Evaluation Problem: Why Most Merit Pay Plans Fail and a Few Survive." Harvard Educational Review, 56:1-17, February, 1986.
- Perkins, Carl. Merit Pay Task Force Report. Washington, D.C.: United States Government Printing Office, 1984.
- Reagan, Ronald. Speech presented at Seaton Hall University, South Orange, New Jersey, May, 1983.
- Savage, D. G. "Teacher Evaluation : The Need for Effective Measures". Learning, December, 1983.
- Somerset Community College. Merit Pay Plan. Somerset, KY: 1991.
- Southern Association Self Study Report for Sue Bennett

College, 1980. Atlanta, Georgia: Commission on Colleges, 1980.

Southern Association Self Study Report for Sue Bennett College, 1992. Atlanta, Georgia: Commission on Colleges, 1992.

Southern Association of Colleges and Schools. Criteria for Association. Atlanta, Georgia: Commission on Colleges, 1991.

Sue Bennett College Catalog. London, Kentucky: Sue Bennett College, 1991-1992.

Sue Bennett College Faculty Handbook. London, Kentucky: Sue Bennett College, 1991-1992.

Sue Bennett College Faculty Survey. London, Kentucky: Sue Bennett, 1990.

Sue Bennett College Self Study Document. London, Kentucky: Sue Bennett College, 1992.

University of Maryland. "Incentives and Knowledge Workers: Oil and Water?" Briefings: Newsletter of the Forum for College and University Governance, University of Maryland, 1989.

Wilson, R. L. "A Case for Merit Pay". Community College Frontiers, 9:25-26, January, 1980.

APPENDIX A
FACULTY EVALUATION SYSTEM

PROFESSIONAL EVALUATION

At Sue Bennett College the incentive pay system is premised on a strong performance evaluation. A evaluation system that included classroom performance and professional evaluation by the Academic Dean and the Division Chairperson had already been approved by the faculty and was being used. The professional evaluation is conducted annually and included: (1) An evaluation conducted once a year by the students; (2) An evaluation of classroom performance by the Division Chairperson and/or the Academic Dean; (3) An evaluation of the professional performance of the faculty member conducted by the Division Chairperson and the Academic Dean.

The faculty member is informed of the classroom evaluation results and professional evaluation results during a conference with the Academic Dean. An appeal of the evaluation can be made in writing to the Academic Affairs Committee within ten working days of the evaluation. A sample of the classroom observation form and the professional evaluation form with the criteria are included in this appendix.

Instructor _____
 Date _____
 Course _____

Observation Categories

	5 Excellent	4 Above Average	3 Satisf.	2 Needs Improv.	1 Unsatis.
I. Instructional Set					
Introduced content area					
Established mood-climate					
Motivated Students					
Related Utility of the Skill					
Established Knowledge Base					
Stated Objectives Clearly					
II. Presentation (lecture) Techniques					
Organized content					
Introduced resource material					
Used visual, examples, illustrations					
Used emphasis techniques					
Used notes - but allowed eye contact					
Responded to Student Feedback					
Evaluated Student Understanding					
III. Closure					
Introduced no new material					
Summarized major points					
Provided sense of Achievement					
Related to set for cohesion					
IV. Teacher Tactics					
Involved students in the lesson					
Provided reinforcement and feedback					
Utilized questioning techniques					
Exhibited enthusiasm for lesson					
V. Verbal and Nonverbal Behavior					
Voice					
Eye Contact					
Gestures					
Movement					
Use of silence					
Facial Expression					

Comment by Evaluator:

Comment by Instructor:

Evaluator _____

Date _____

Instructor _____

Date _____

EVALUATION OF PROFESSION PERFORMANCE

5--Excellent 4--Above Average 3--Satisfactory

2--Needs Improvement 1--Satisfactory

Person Evaluated

Evaluator

Date

Date

General Criteria	Evaluation	Comment
1. Professional Performance		
2. Professional Development and Growth		
3. Cooperation in Implementing College Policies and Goals		
4. Participation in assignments		
5. General Professional Rating		

Comments by Evaluator:

Comments by Person Evaluated:

Evaluator

Date

Person Evaluated

Date

An instructor may appeal any evaluation to Academic Affairs within 10 working days of the evaluation.

Some items that may be included in the professional evaluation criteria are:

1. Professional Performance
 - a. Good classroom evaluation
 - b. Thorough classroom preparation
 - c. Effective teaching methods
 - d. Impact on students--student evaluation
 - e. Attendance to classes and office hours
2. Professional Development and Growth
 - a. Attending conferences and workshops
 - b. Designing and leading conferences and workshops
 - c. Completions of graduate courses/advanced degrees
 - d. Publication
3. Cooperation in College Policies and Goals
 - a. Accepting leadership of division or committee
 - b. Serving effectively on committees
 - c. Sponsoring campus programs or activities
 - d. Advising students
4. Participation in Assigned Responsibilities
 - a. Sponsoring student organization
 - b. Serving as effective member of the division
 - c. Attending faculty development activities
 - d. Attending faculty meetings
5. General Professional Rating
 - a. Maintain membership in at least one professional organization
 - b. Present paper or talk of a scholarly nature
 - c. Professional consulting services
 - d. Hold office in professional organization
 - e. Perform or exhibit works of art

The Division Chairperson, the faculty member, and the Academic Dean may cooperative determine other criteria to be included in the criteria.

APPENDIX B
FACULTY RANKING AND PROMOTION SYSTEM

FACULTY RANKING

Ranking and promotion at Sue Bennett College is a part of the reward structure. The system is based upon the evaluation of the individual instructor by the Division Chairperson and the Academic Dean with the approval of the President and the Board of Trustees.

Ranking and promotion in rank at Sue Bennett College is determined according to the following guidelines:

Lecturer--Bachelor's degree and unique experience

Instructor--Master's degree

Assistant Professor--Master's degree, evidence of continued academic self-improvement, minimum of three years of full-time teaching, including the current year, in institutions of higher learning or a doctorate.

Associate Professor--Master's degree, plus 45 semester hours (or 60 quarter hours) as evidence of continued academic self-improvement, or significant life experience or relevant employment as related to one's academic field. Minimum of six years including the current year of full-time teaching in institutions of higher learning; or doctorate and demonstrated evidence of effective teaching.*

Professor--Doctoral degree, evidence of continued academic self-improvement, a minimum of ten years of full-time teaching, including the current year, in institutions of higher learning, and demonstrated evidence of effective teaching.

*Evaluations should be included in the demonstrated evidence.

PROCEDURES FOR PROMOTION

1. Before November 15, the Tenure Committee will receive, from the Academic Dean, the names of persons eligible for promotion. Candidates for promotion will submit to the Committee Chairperson, no later than November 15, an application package for promotion which will include:
 - a. an up-to-date vita
 - b. a recommendation from the Division Chairperson
 - c. a letter giving the Committee full access to personnel files including student and professional evaluations
 - d. at least three, but not more than six, letters of support from peers and others familiar with the work of the applicant
 - e. written evidence pertaining to professional growth, service to the college, and service to the community.

Additional written information may be requested from the candidate.

2. The Tenure Committee will return its written evaluation referenced to criteria for promotion to the faculty member by the third Friday in December. The individual has the right to appeal a negative decision to the Tenure Committee before the Committee sends its recommendation to the Academic Dean by the third Friday in January. By the second Friday in February, the Dean will forward to the candidate a written document showing acceptance or rejection of the Tenure Committee's recommendation. Said rejection document will include the rationale referenced to criteria for promotion upon which the Academic Dean and/or the President have based the negative decision.
3. All promotions are approved by the Board of Trustees in the Spring meeting and become effective at the beginning of the following contract year.

APPENDIX C
INCENTIVE PAY SYSTEM

OBJECTIVES OF SUE BENNETT COLLEGE'S INCENTIVE SYSTEM
--

The objectives of Sue Bennett College's incentive system are:

- to improve instruction at Sue Bennett College
- to reward outstanding performance by faculty members
- to reward outstanding service by faculty members
- to attract outstanding teaching candidates
- to motivate the present faculty

THE PHILOSOPHY FOR SUE BENNETT COLLEGE'S INCENTIVE SYSTEM

Sue Bennett College's philosophy regarding instruction is:

to strive attain excellence in teaching

to evaluate to attain excellence in teaching

to evaluate each faculty member for excellence in
teaching

to strive to reward excellent performance and service

PROCEDURE FOR FACULTY TO CONTRACT FOR INCENTIVE PAY

The Incentive Pay System is premised on satisfactory faculty teaching evaluations. To qualify for the Incentive Pay System, the faculty member must have a satisfactory evaluation and be a full time faculty member.

In order to qualify for the incentive pay increment, the faculty should:

contract with the Division Chairperson for the increment

document all pertinent data for the increment with data from the appropriate individuals

--Registrar-number of advisees
 number of preparations\year
 number of contact hours
--Division--attendance at conferences
 Chair attendance at faculty meetings
 cooperation in implementing policy
 turn in assignments and reports
 on time
 effective member of division
--Dean of---sponsor student organization
 Students attendance at convocations
 attendance at extra-curricular
 activities
--Academic--chair of college committee
 member of college committee
 performed special projects

turn in all documents to Division Chair by April 1

have incentive increment approved by the Division Chairperson, the Academic Dean, and the President

Incentive System

Name _____

Date _____

Professional Performances

	Never	Occasionally	Sometimes	Often	Always
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
---- 1. Number of advisees	0-15	15-25	26-35	35-40	41 or more
---- 2. Number of Preparations/yr	1-2	3	4	5	6 or more
---- 3. Work attendance/ Days Absent/year	8 or more	6-7	4-5	2-3	0-1
---- 4. Attend Faculty/Develop Meetings	0	1-2	3-4	5-6	7-8 or more
---- 5. Number Contact hours Semester	0-70	71-140	141-200	201-250	251 or more
---- 6. Hold offices or member of professional organizations	0				4
---- 7. Published, spoken performed professionally	0	1	2	3	4 or more

Professional Development

	NA	Occasionally Effective	Sometimes Effective	Effective	Always Effective
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
---- 8. Attend conference/ workshops/year	0	1	2-3	4-5	6 or more
---- 9. Attend committee meeting/yr	0	1-2	3-4	5-6	7 or more
---- 10. Cooperation Implementing College Policy	0	1	2	3	4
---- 11. Chair of a college committee	0	1	2	3	4
---- 12. Member of a college committee	0	1	2	3	4
---- 13. Turned in assignments/ reports on time	0	1	2	3	4
---- 14. Effective member of division	0	1	2	3	4

Participation Extra-Curricular Activities

	Not Effective	Occasionally Effective	Sometimes Effect	Effective	Always Effective
	<u>0</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>
---- 15. Sponsored student organizations	0	1	2	3	4
---- 16. Performed special projects or unassigned activities	0	1	2	3	4
---- 17. Attend Convocation per year	0-4	5-7	8-10	11-13	14 or more
---- 18. Attend ball games or outside school activities	0-3	4-6	7-9	10-12	13 or more
----- Total					

35 or less = base raise 50 56 = 3% more
 36 - 42 = 1% more 57 - 63 = 4% more
 43 - 49 = 2% more 64 or more = 5% more

Signature of Evaluator

Date

Academic Dean

Employee

Date

President